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# **South Africa, Republic of**

## **Grain and Feed**

### **Annual**

### **2000**

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#### **Report Highlights:**

**South Africa's 1999 corn crop to be harvested from April 2000, is estimated at 8.5 million tons compared to the revised figure of 7.7 million tons for the previous year.**

**The increase is mainly due to an expansion in planted area as well as favorable weather conditions. If favorable weather continues through the critical tasseling stage in late February the crop could exceed the current estimate.**

**The 1999 wheat crop is estimated at 1.56 million tons, necessitating imports of about 600,000 tons during 2000.**

**The U.S. is still a major supplier of rice to the South African market. Total rice imports are expected to reach about 550,000 tons this year, with the U.S. supplying about 130,000 tons.**

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Includes PSD changes: Yes  
Includes Trade Matrix: Yes

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## Executive Summary:

South Africa's 1999 wheat crop is estimated at 1.56 million tons. Imports of about 600,000 tons are expected in 2000.

The 1999 corn crop is estimated at 8.5 million tons, a ten percent increase on the revised figure of 7.7 million tons for the 1998 crop. The increase is due to a larger area planted coupled with favorable weather conditions. If weather conditions stay favorable through the late February tasseling stage the crop could even be much larger. The big crop expected will lead to increased exports of about 750,000 tons from May this year.

The U.S. is still a major supplier to the local rice market and is expected to supply 130,0900 tons of the 550,000 tons expected to be imported this year.

Due to big variations in the Rand/Dollar exchange rate over time we have not included grain prices in this report.

## SECTION I: SITUATION AND OUTLOOK

### Wheat

The fifth official estimate of the 1999 wheat crop is 1.561 million tons but this probably does not reflect the damage the heavy rains have inflicted on the unharvested crop in the Eastern Free State. Persistent rains have hindered the harvest and caused the wheat to sprout. This will have a detrimental effect on the quality of the crop, which means that more will go to the feed market while the demand for high quality imported wheat will increase. We still expect that about 600,000 tons will be imported during the year.

After the two years of limited plantings we foresee an increase in the area to be planted later this year. The reasonable producer prices obtained during the current season could be sufficient to increase interest in wheat production again.

The wheat import tariff, currently R269/ton, or about \$44/ton, is calculated differently from the corn tariff but still basically implies a minimum import price. To calculate subsequent adjustments to the level of protection, the difference between the world reference price on which the previous adjustment was based, and the 3 week moving average of the same price are calculated on a weekly basis. When this deviation amounts to more than \$10/ton for three consecutive weeks, a new tariff is calculated and a new world reference price set. On January 5, 2000 the calculation was as follows:

World reference price (US#2HRWfobGulf) three weeks moving average=A= \$112.67/ton.

South African initial reference price B= \$157.00/ton.

Dollar duty on wheat: C = B-A C = \$44.33/ton.

In addition to the tariff, a new issue regarding noxious seeds in wheat has developed recently. The Department of Health (and not the phytosanitary officials of the Department of Agriculture), has very restrictive tolerances for certain noxious seeds admitted in wheat samples. The current legislation has been in force since the early 1970's and has never been reviewed. Recently a shipment of imported wheat was detained upon detection of amounts of *Convolvulus* (Morning Glory) seeds above the tolerance level. We have information regarding only one previous occurrence of *convolvulus* being found in imported wheat. The limits are currently under review and are expected to be adjusted to more manageable levels, based on scientific evidence and public comment.

## Corn

### Production

The National Department of Agriculture has updated and published historical area and production data for corn, incorporating the data for the developing areas into the mainstream commercial farm data. The position of developing agriculture, (small scale subsistence farming), in a modern trade oriented agricultural economy, has always been unclear. The fact is that some products from the developing sector are reaching the markets and this sector is growing. Although the estimates on activities in this sector are not considered to be as accurate as those for the well documented commercial sector, it is essential that everything be included in the PS&D's. Production from this sector will now be included in the PS&D' and the additional production added to consumption. The following table contains the revised historical data:

FAS Year	Area '000 hectares	Production '000 mt.	Yield Mt/ha.
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1979	4563	11040	2.42
1980	4488	14872	3.31
1981	4664	8781	1.88
1982	4680	4399	0.94
1983	4839	4797	0.99
1984	4502	8444	1.88
1985	4829	8600	1.78
1986	5063	7890	1.56
1987	4736	7670	1.62
1988	4394	12481	2.84
1989	4163	9180	2.21
1990	3816	8614	2.26
1991	4173	3277	0.79
1992	4377	9997	2.28
1993	4661	13275	2.85
1994	3526	4866	1.38
1995	3761	10171	2.70
1996	4023	10136	2.52
1997	3560	7693	2.16
1998	3491	7720	2.21

Incorporating the revised production data series into the historical PS&D's will only affect consumption as trade and carry over figures are actual figures.

The new Crop Estimates Committee recently made a preliminary estimate of the area planted to summer crops on commercial farms. The area planted to corn is 3.205 million hectares, 300,000 hectares or 10% more than in the previous season. The area planted to white corn is 1.998 million hectares (62%) and yellow corn 1.207 million hectares (38%), virtually unchanged from the previous seasons' percentages. The increase in the area planted to corn was mainly due to a 45% (371,650 hectares) decrease in the area planted to sunflower which suffered from over production and low prices during the previous season.

We estimate the 1999 crop at 8.5 million tons taking the 10% increase in the area planted on commercial farms into account as well as the very good rainfall to date. The favorable rainfall more than makes up for the late planting but constant wet conditions may lead to disease problems. The 1998 yield on commercial farms

amounted to 2.13 metric tons per hectare for the 6.716 million tons produced. The 1999 yield is forecast at 2.51 metric tons per hectare for the expected 8.05 million ton crop. The crop in the developing sector is expected to increase to about 450,000 tons this year after 394,000 tons were produced in the 1998 season.

While the Crop Estimates Committee has maintained the 7.1 million ton estimate for the 1998 crop, the National Department of Agriculture has published a figure of 7.72 million tons which is more in line with the S. A. Grain Information Service delivery data plus the crop in the developing areas and a farm retention estimate.

When forecasting the 2000 crop we must remember that the crop will only be planted from October 2000. The favorable prospects for the current 1999 crop are already having an impact on the price. If farmers are disappointed with the price received for the crop they are likely to cut back on area planted again later this year. We thus foresee a crop of about 8.1 million tons produced on about 3.7 million hectares.

### Consumption

Commercial consumption for the 1999/2000 season is estimated at 6.945 million tons consisting of 3.965 million tons of white corn and 2.98 million tons of yellow corn. When consumption on farm and in the developing areas is added the total jumps to 7.77 million tons of which the bulk, 4.3 million tons, is white corn and 3.45 million tons, yellow. Consumption is expected to show a small increase in 2000/2001 as a result of the lower prices expected.

An estimated white yellow PS&D for the current season follows:

'000 Metric tons	White corn	Yellow corn	Total corn
Beginning stocks 05/01/99	543	264	807
Production	4920	2800	7720
Imports	0	500	500
Total Supply	5463	3564	9027
Exports	635	50	685
Consumption	4320	3450	7770
Ending stocks	508	64	572

### Trade

Imports of yellow corn could reach 500,000 tons this marketing year; up to the end of December 1999 imports amounted to 339,000 tons but we are aware of two more shiploads that arrived in January. Yellow corn stocks are currently low. Further imports will depend on the ripening of the current crop and if early deliveries, before May 1, can be made. The futures price for March 2000 is around R855/ton which drops to R655/ton after the harvest in July, creating a major incentive for early delivery. The U.S. supplied 254,000 tons of the corn imports from January to October 1999. Prospects for further imports from the U.S. are favorable after the

phytosanitary problems (Stewart wilt) that hampered sales earlier seem to have been resolved.

#### Policy

The minimum import price formula tariff on imported corn was increased from R84/ton (\$15/ton) to R153/ton (\$25/ton) on November 5, 1999. The import tariff is subject to a formula that tracks the price of U.S. #2 yellow corn over a 21 day moving average. When the monitored price exceeds \$110/ton, the duty is lifted; between \$100 and \$110 the duty is \$5/ton; between \$90 and \$100 the duty is \$15/ton; between \$80 and \$90 the duty is \$25; and between \$70 and \$80 the duty is \$35/ton. International corn prices recently increased and the monitored price has been indicating a threshold average for a \$15/ton tariff. As a result local millers have asked for the reduction in the levy and The Board on Tariffs and Trade is considering the request.

## SECTION II: STATISTICAL TABLES

### Wheat

PSD Table						
Country:	South Africa					
Commodity:	Wheat					
		1997		1998		1999
	Old	New	Old	New	Old	New
Market Year Begin		11/1997		10/1998		10/1999
Area Harvested	1382	1382	748	748	718	718
Beginning Stocks	576	576	877	1005	348	719
Production	2450	2450	1531	1704	1581	1561
TOTAL Mkt. Yr. Imports	524	524	600	483	650	600
Jul-Jun Imports	663	663	650	432	500	500
Jul-Jun Import U.S.	133	133	100	77	250	250
TOTAL SUPPLY	3550	3550	3008	3192	2579	2880
TOTAL Mkt. Yr. Exports	72	72	50	54	50	50
Jul-Jun Exports	204	204	50	55	50	50
Feed Dom. Consumption	82	46	50	52	50	100
TOTAL Dom. Consumption	2601	2473	2610	2419	2450	2500
Ending Stocks	877	1005	348	719	79	330
TOTAL DISTRIBUTION	3550	3550	3008	3192	2579	2880

Import Trade Matrix			
Country:		Units:	Metric tons
Commodity:			

Time period:	Jan-Dec		
Imports for	1997		1998
U.S.	122162	U.S.	88133
Others		Others	
Canada	127543	Canada	238283
Australia	43072	Australia	120061
Argentina	40671	Hungary	27489
Other	11059	Argentina	21323
		Zimbabwe	838
Total for Others	222345		407994
Others not listed			6
Grand Total	344507		496133

Export Trade Matrix			
Country:		Units:	



Commodity:			
Time period:	Jan-Dec		
Exports for	1997		1998
U.S.	0	U.S.	0
Others		Others	
Kenya	21277		
Saudi Arabia	15725		
Ethiopia	14648		
Total for Others	51650		0
Others not listed	4603		
Grand Total	56253		0

**Corn**

PSD Table						
Country:	South Africa, Republic of					
Commodity:	Corn					
		1998		1999		2000
	Old	New	Old	New	Old	New
Market Year Begin		05/1999		05/2000		05/2001
Area Harvested	2905	3491	3000	3800	0	3700
Beginning Stocks	807	807	47	572	0	650
Production	7110	7720	8000	8500	0	8100
TOTAL Mkt. Yr. Imports	430	500	0	328	0	300
Oct-Sep Imports	400	410	0	150	0	150
Oct-Sep Import U.S.	0	250	0	100	0	100
TOTAL SUPPLY	8347	9027	8047	9400	0	9050
TOTAL Mkt. Yr. Exports	500	685	200	750	0	300
Oct-Sep Exports	350	450	550	550	0	350
Feed Dom. Consumption	3600	3450	3650	3550	0	3600
TOTAL Dom. Consumption	7800	7770	7847	8000	0	8150
Ending Stocks	47	572	0	650	0	600
TOTAL DISTRIBUTION	8347	9027	8047	9400	0	9050

Import Trade Matrix			
Country:		Units:	Metric tons
Commodity:			
Time period:	Jan-Dec		
Imports for	1998		1999
U.S.	60793	U.S.	0
Others		Others	
Argentina	160492		0
Zimbabwe	28801		0
			0
			0
	0		0
	0		0
	0		0
	0		0
	0		0
	0		0
	0		0
Total for Others	189293		0
Others not listed	2626		0
Grand Total	252712		0

Export Trade Matrix			
Country:		Units:	Metric tons
Commodity:			
Time period:	Jan-Dec		
Exports for	1998		1999
U.S.	0	U.S.	0
Others		Others	
Zimbabwe	401775		
Japan	155100		
Zambia	128901		
Malawi	41864		
Mauritius	36091		
Tanzania	26680		
Kenya	30505		
Mozambique	28365		
	0		0
	0		0
Total for Others	849281		0
Others not listed	48354		
Grand Total	897635		0

**Rice**

PSD Table						
Country:	South Africa, Republic of					
Commodity:	Rice, Milled					
		1998		1999		2000
	Old	New	Old	New	Old	New
Market Year Begin		01/1998		01/1999		01/2000
Area Harvested	0	0	0	0	0	0
Beginning Stocks	0	0	0	0	0	0
Milled Production	0	0	0	0	0	0
Rough Production	0	0	0	0	0	0
Milling Rate(.9999)	0	0	0	0	0	0
TOTAL Imports	513	513	550	540	0	550
Jan-Dec Imports	513	513	550	540	0	550
Jan-Dec Import U.S.	0	97	130	120	0	130
TOTAL SUPPLY	513	513	550	540	0	550
TOTAL Exports	6	8	10	10	0	10
Jan-Dec Exports	6	8	10	10	0	10
TOTAL Dom. Consumption	507	505	540	530	0	540
Ending Stocks	0	0		0	0	0

Import Trade Matrix			
Country:		Units:	Metric ton
Commodity:			
Time period:	Jan-Dec		
Imports for	1998		1999
U.S.	97183	U.S.	
Others		Others	
Thailand	235078		
India	159493		
Spain	7805		
Vietnam	8083		
Hong Kong	1106		
Australia	1860		
Total for Others	413425		0
Others not listed	2532		
Grand Total	513140		0

Export Trade Matrix			
Country:		Units:	Metric tons
Commodity:			
Time period:	Jan-Dec		
Exports for	1998		1999
U.S.		U.S.	
Others		Others	
Mocambique	1763		
Zambia	1305		
Angola	1058		
Zimbabwe	1057		
Total for Others	5183		0
Others not listed	2363		
Grand Total	7546		0